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Washington Report

February 5, 1990, Volume XVIII, Issue 47

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NATIONAL CREDIT UNION ADMINISTRATION

Amendments to section 701.22, Loan Participation, and section 701.23, Purchase, Sale, and Pledge of Eligible Obligations, of NCUA's regulations have been proposed by the agency (see the 1/19/90 Fed. Reg., pp. 1827-31). The NCUA explained that it requested comments on sections 701.22 and 701.23 in the 10/24/88 Federal Register, as a part of its regulatory review program, and that these proposed regulations would implement many of the comments received by NCUA. One of the areas in which guidance was sought, according to NCUA, was the proper accounting treatment for section 701.22 and section 701.23 transactions. Comments on the proposed regulations must be received on or before 4/19/90. For further information after reading the proposed rule, contact Julie Tamulevitz at the NCUA at 202/682-9630.

THRIFT SUPERVISION, OFFICE OF

Regulations of the OTS have been amended to require that one copy of all reports filed with the Office under the Securities Exchange Act of 1934, by an association or any other person or entity, must also be filed with the appropriate District Office for the association to which the filings pertain, the OTS announced in a final rule (see the 1/30/90 Fed. Reg., pp. 3040-41). The 1934 Act reports include filings such as annual reports on Form 10-K, quarterly reports on Form 10-Q, Form 8-Ks, Schedules 13-D and 13-G, Forms 3 and 4, and preliminary and definitive proxy statements. The OTS said amendment of section 563d.2 of its regulations to require concurrent filings will improve the coordination between the Office's Washington staff and the District Offices, eliminate delays in forwarding copies of certain filings from Washington to the Districts, and further improve the quality and timeliness of review of securities filings made with the OTS. The final rule is effective 3/1/90. For further information after reading the final rule, contact Diane Fera Petruso at the OTS at 202/906-7059.

TREASURY, DEPARTMENT OF

The IRS is urging taxpayers to file their returns electronically, since the IRS Electronic Filing System is available for the first time in all 50 states. The IRS said taxpayers who expect a refund can file their returns electronically through preparers and transmitters who have been authorized to participate by the IRS. The Electronic Filing System began as a test program in 1986, with 25,000 returns being filed in three metropolitan areas, but by last year the program had grown to 1.2 million taxpayers filing electronically in 36 states. The IRS estimates that taxpayers who file electronically will receive their refunds in about three weeks and that those taxpayers who elect to have their refund deposited directly into their bank accounts will receive their refunds in about two weeks.

SPECIAL: SENATE JUDICIARY COMMITTEE APPROVES CIVIL RICO REFORM BILL

The Senate Judiciary Committee approved legislation to amend the civil provisions of the Racketeer Influenced and Corrupt Organizations (RICO) Act of 1970 on 2/1/90 by a vote of 11 to 2. RICO allows private parties injured by a "pattern" of

"racketeering activity" to sue for treble damages and attorneys' fees. The measure, S. 438, is supported by the AICPA and would permit plaintiffs to recover only single damages in most RICO cases, including cases involving the Federal securities and commodities laws, and cases where one business sues another business. S. 438 would also apply only to future RICO cases. The measure must next be considered by the full Senate.

SPECIAL: AICPA SUPPORTS LEGISLATION REQUIRING FULL-SCOPE AUDITS OF PENSIONS UNDER ERISA

Legislation to require full, comprehensive audits of pension plans under the Employee Retirement Income Security Act (ERISA) is supported by the AICPA. The measure, S. 2012, was introduced 1/23/90 by Sen. Nancy Kassebaum (R-KS) and Sen. Orrin Hatch (R-UT) in response to a recommendation made by the Department of Labor Office of Inspector General that all pension plans covered by ERISA be subject to full-scope audits. The AICPA has actively advocated full scope audits since 1978. Current law permits pension fund managers to instruct auditors not to examine fund assets held in government regulated entities, such as banks or insurance companies. AICPA President Philip B. Chenok said that presently in about half of the required ERISA audits plan administrators exercised the authority granted them to limit the scope of the audit. S. 2012, Mr. Chenok said, provides that the independent auditors make a comprehensive examination of pension fund assets. S. 2012 was referred to the Senate Labor and Human Resources Committee. Similar legislation has not been introduced in the House of Representatives.

SPECIAL: IRS' ACCOUNTS RECEIVABLE SUBJECT OF WAYS AND MEANS OVERSIGHT SUBCOMMITTEE HEARING

IRS' accounts receivable inventory, currently valued at \$62.1 billion, will be the subject of a 2/20/90 hearing by the House Ways and Means Oversight Subcommittee, it has been announced. The hearing is scheduled to begin at 9:30 a.m. in Room 1100 of the Longworth House Office Building in Washington, D.C. The fact that the Subcommittee would hold the hearing was announced in December by Oversight Subcommittee Chairman J.J. Pickle (D-TX) (see the 1/1/90 Wash. Rpt.). In announcing the date of the hearing, Rep. Pickle said, "I want to know if the \$62 billion in accounts receivable is real and obtainable money. If it is real, then it is inexcusable that we carry this huge imbalance and I want the IRS to collect this money." Representatives from the IRS and the General Accounting Office will testify at the hearing. Individuals who would like to submit written comments for the printed hearing record should submit six copies by the close of business on 3/6/90 to Robert J. Leonard, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. For further information about the hearing, contact the staff of the Subcommittee at 202/225-5522.

SPECIAL: AICPA SUPPORTS CIVIL JUSTICE REFORM ACT

The Civil Justice Reform Act, which would reform civil justice procedures in the Federal court system, is supported by the AICPA. The Act, S. 2027 and H.R. 3898, was introduced on 1/25/90 by the chairmen of the Senate and House of Representatives Judiciary Committees, Sen. Joseph Biden, Jr. (D-DE) and Rep. Jack

Brooks (D-TX). Sen. Biden describes the "centerpiece" of the Civil Justice Reform Act as being a "requirement that each Federal district court develop a comprehensive plan to reduce costs and delays within certain well-defined and uniformly applied parameters." The legislation defines the parameters that will shape every plan, including the development of case tracking systems, the setting of early, firm trial dates, the setting of time limits for the completion of discovery, the exercise of early, active, and continuous control of cases by the courts, and the development of comprehensive alternative dispute resolution programs. Sen. Biden said that, while every plan must include these and other core elements, the legislation leaves to the district courts the flexibility and discretion to fill in the details of their plans according to their own particular needs and demands. B.Z. Lee, AICPA Deputy Chairman-Federal Affairs, said, "There is immediate need to reduce the cost of civil litigation and the time it takes to bring a case to a conclusion. We think this is the kind of constructive legislation that will benefit everybody, and we will do what we can to support passage of the bill." The measures have bipartisan support. S. 2027 is co-sponsored by the following members of the Senate Judiciary Committee: Sen. Strom Thurmond (R-SC), the ranking minority member of the Committee; Sen. Howell Heflin (D-AL), the chairman of the Courts and Administrative Practice Subcommittee; Sen. Herbert Kohl (D-WI), Sen. Howard Metzenbaum (D-OH), Sen. Paul Simon (D-IL), and Sen. Arlen Specter (R-PA). H.R. 3898 is co-sponsored by Rep. Hamilton Fish (R-NY), the House Judiciary Committee's ranking minority member, and Rep. Robert Kastenmeier (D-WI) and Rep. Carlos Moorhead (R-CA), the chairman and ranking minority member, respectively, of the Courts, Intellectual Property and the Administration of Justice Subcommittee. Hearings are expected on the measures by the Judiciary Committees, but have not been announced.

For further information contact Shirley Twillman at 202/737-6600.

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